

STATE OF NEVADA

GAMING CONTROL BOARD



MINIMUM INTERNAL CONTROL STANDARDS

Note: When adopted in 1997, these standards applied to both Group I and Group II licensees. In February 2000, the Nevada Gaming Commission amended the definition of “Group II licensee” and revised Regulation 6.090 to require that Group II licensees (i.e., redefined as those licensees with annual gross gaming revenues of less than \$3 million) follow Internal Control Procedures rather than the Minimum Internal Control Standards. Therefore, although these standards make numerous references to Group II licensees, these standards no longer apply to such licensees – they only apply to those licensees with annual gross gaming revenues of \$3 million or more. References to Group II licensees will be deleted with the next formal revision of the Minimum Internal Control Standards.

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Note 1: The controls in effect for participation machines will provide at least the level of control described by these standards.

Note 2: One slot route operator's employee may be used to fill the employee requirements except in a supervisory capacity.

Note 3: Any Board-authorized computer applications that provide controls comparable to the following standards will be acceptable.

Coin Drop Standards

1. A minimum of three employees (**two for Group II licensees**) are involved in the removal of the slot drop, at least one of whom is independent of the slot department.
2. Security is provided over the buckets removed from the slot drop cabinets prior to being transported to the count room.
3. If more than one trip is required to remove the slot drop from all of the machines, the filled carts or coins are either locked in the count room or secured in another equivalent manner.

Equipment Standards

4. A weigh scale calibration module is secured so as to prevent unauthorized access (e.g., prenumbered seal, lock and key, etc.).
5. Someone independent of the cage, vault, slot, and count team functions is required to be present whenever the calibration module is accessed.
6. Such access is documented and maintained.
7. If a weigh scale interface is used, it is adequately restricted so as to prevent unauthorized access (passwords, keys, etc.).
8. If the weigh scale has a zero adjustment mechanism, it is either physically limited to minor adjustments (e.g., weight of a bucket) or physically situated such that any unnecessary adjustments to it during the weigh process would be observed by other count team members.
9. The weigh scale and weigh scale interface (if applicable) are tested by someone who is independent of the cage, vault and slot departments and count team at least on a quarterly basis with the test results being documented.

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10. During the slot count at least two employees verify the accuracy of the weigh scale with varying weights or with varying amounts of previously counted coin for each denomination to ensure the scale is properly calibrated. (Varying weights/coin from drop to drop is acceptable.)
11. The preceding weigh scale and weigh scale interface test results are documented and maintained.
12. If a mechanical coin counter is used (instead of a weigh scale), procedures are equivalent to those described in Standards #9, #10, and #11.

Slot Count and Wrap Standards

13. The weigh/count is performed by a minimum of three employees (**two employees for Group II licensees**).
14. At no time during the weigh/count will there be fewer than three employees (**two for Group II's**) in the count room.
15. The slot count team is independent of the slot department and the subsequent accountability of slot count proceeds unless they are nonsupervisory slot employees and perform the laborer function only. (A nonsupervisory slot employee is defined as a person below the level of slot shift supervisor.)
16. The following functions are performed in the counting of the slot drop:
 - a. Recorder function which involves the recording of the slot count.
 - b. Count team supervisor function which involves the control of the slot weigh and wrap process. **For Group I licensees, the supervisor is precluded from performing the initial recording of the weigh/count unless a weigh scale with a printer is used.**
17. The amount of the slot drop from each machine is recorded in ink on a slot count document by the recorder or mechanically printed by the weigh scale. If a weigh scale interface is used, the slot drop figures are transferred via direct line or computer storage media.
18. The recorder and at least one other count team member sign the weigh tape and the slot count document attesting to the accuracy of the weigh/count.
19. At least three employees (**two for Group II's**) who participate in the weigh/count and/or wrap process sign the slot count document or a summary report to attest to their presence. If all other count team members do not sign the slot count document or a summary report, they sign a supplemental document evidencing their participation in the weigh/count and/or wrap.
20. The coins are wrapped and reconciled in a manner which precludes the commingling of slot drop coin with coin (for each denomination) from the next slot drop.

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21. At least two employees are present throughout the wrapping of the slot drop.
- Note: If the slot count is conducted with a continuous mechanical count meter which is not reset during the count and is verified in writing by at least three employees (two employees for Group II licensees) at the start and end of each denomination count, then one employee may perform the wrap.**
22. If the coins are not wrapped immediately after being weighed/counted, they are secured and not commingled with other coin.
- Note: The term wrapped slot drop includes wrapped, bagged (with continuous meter verification), and racked coin/tokens.**
23. If the coins are transported off the property, a second (alternative) count procedure must be performed before the coins leave the property. Any variances must be documented.
24. Transfers out of the count room during the slot count and wrap process are either strictly prohibited, or if transfers are permitted during the count and wrap, each transfer is recorded on a separate multi-part form with a preprinted or concurrently-printed form number (used solely for slot count transfers) which is subsequently reconciled by the accounting department to ensure the accuracy of the reconciled wrapped slot drop.
25. Transfers, as noted above, are counted and signed for by at least two members of the count team and by someone independent of the count team who is responsible for authorizing the transfer.
- If the count room serves as a coin room and coin room inventory is not secured so as to preclude access by the count team, then the next two standards are required:**
26. At the commencement of the slot count the following requirements are met:
- a. The coin room inventory is counted by at least two employees, one of whom is a member of the count team and the other is independent of the weigh/count and wrap procedures.
 - b. The above count is recorded on an appropriate inventory form.
27. Upon completion of the wrap of the slot drop, the following requirements are met:
- a. At least two members of the count team (wrap team), independently from each other, count the ending coin room inventory.
 - b. The above counts are recorded on a summary report(s) which evidences the calculation of the final wrap by subtracting the beginning inventory from the sum of the ending inventory and transfers in and out of the coin room.

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- c. The same count team members as discussed above compare the calculated wrap to the weigh/count, recording the comparison and noting any variances on the summary report.
- d. A member of the cage/vault department counts the ending coin room inventory by denomination and reconciles it to the beginning inventory, wrap, transfers and weigh/count.
- e. At the conclusion of the reconciliation, at least two count/wrap team members and the verifying employee sign the summary report(s) attesting to its accuracy.

Note: For Group II licensees the functions described above at 27 a and c may be performed by only one count team member. That count team member must then sign the summary report, along with the verifying employee, as required under 27 e.

If the count room is segregated from the coin room, or if the coin room is used as a count room and the coin room inventory is secured to preclude access by the count team, the following standard is required:

28. Upon completion of the wrap of the slot drop:

- a. At least two members of the count/wrap team count the final wrapped slot drop independently from each other.
- b. The above counts are recorded on a summary report.
- c. The same count team members as discussed above (or the accounting department) compare the final wrap to the weigh/count recording the comparison and noting any variances on the summary report.
- d. A member of the cage/vault department counts the wrapped slot drop by denomination and reconciles it to the weigh/count.
- e. At the conclusion of the reconciliation, at least two count team members and the cage/vault employee sign the summary report attesting to its accuracy.
- f. The wrapped coins (exclusive of proper transfers) are transported to the cage, vault or coin vault after the reconciliation of the weigh/count to the wrap.

Note: For Group II licensees the functions described above at 28 a and c may be performed by only one count team member. That count team member must then sign the summary report, along with the verifying employee, as required under 28 e.

29. Large (by denomination, either \$1,000 or 2% of the drop, whichever is less) or unusual (e.g., zero for weigh count or patterned for all counts) variances between the weigh/count and wrap are investigated by management personnel independent of the slot department, count team and the cage/vault functions on a timely basis.

30. The results of such investigation are documented and maintained.

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31. All slot count and wrap documentation, including any applicable computer storage media, is immediately delivered to the accounting department by other than the cashier's department. Alternatively, it may be adequately secured (e.g., locked container to which only accounting personnel can gain access) until retrieved by the accounting department.
32. Corrections on slot count documentation are made by crossing out the error, entering the correct figure, and then obtaining the initials of at least two count team employees. If a weigh scale interface is used, corrections to slot count data are made using either of the following:
 - a. Crossing out the error on the slot document, entering the correct figure, and then obtaining the initials of at least two count team employees. If this procedure is used, an employee independent of the slot department and count team enters the correct figure into the computer system prior to the generation of related slot reports.
 - b. During the count process, correct the error in the computer system and enter the passwords of at least two count team employees. If this procedure is used, an exception report is generated by the computer system identifying the slot machine number, the error, the correction and the count team employees testifying to the correction.

Currency Acceptor Drop and Count Standards

33. The currency acceptor drop boxes are removed by an employee independent of the slot department, then transported directly to the soft count room or other similarly restricted location and locked in a secure manner until the count takes place.
34. The transporting of currency acceptor drop boxes is performed by a minimum of two employees, at least one of whom is independent of the slot department.
35. The currency acceptor count is performed in the soft count room or equivalently secure area with comparable controls.
36. The currency acceptor count is performed by a minimum of three employees.
For Group II licensees a minimum of two persons may perform the count provided the count is viewed either live or on videotape within seven days by an employee independent of the count.
37. The currency acceptor count team is independent of transactions being reviewed and counted, and the subsequent accountability of currency drop proceeds.
A cage cashier may be used if this person is not allowed to perform the recording function. An accounting representative may be used if there is an independent audit of all currency acceptor count documentation.
38. The currency acceptor drop boxes are individually emptied and counted in such a manner as to prevent the commingling of funds between boxes until the count of the box has been recorded.

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39. The count of each box is recorded in ink or other permanent form of recordation.
40. If currency counters are utilized and the count room table is used only to empty boxes and sort/stack contents, a count team member must be able to witness the loading and unloading of all currency at the currency counter, including rejected currency.
41. Drop boxes, when empty, are shown to another member of the count team, to another person who is observing the count, or to recorded or live surveillance, provided the count is monitored in its entirety by someone independent of the count.
42. Corrections to information originally recorded by the count team on currency acceptor count documentation are made by crossing out the error, entering the correct figure, and then obtaining the initials of at least two count team members who verified the change.
43. The count sheet is reconciled to the total drop by a count team member who does not function as the sole recorder.
44. All members of the count team attest by signature (**if applicable, two signatures for Group II's**) to the accuracy of the currency acceptor drop count. Three verifying signatures on the count sheet are adequate if all additional count team employees sign a supplemental document evidencing their involvement in the count process.
45. All monies that were counted are turned over to the cage cashier (who is independent of the count team) or to an employee independent of the revenue generation and the count process for verification.
46. The above mentioned employee certifies by signature as to the accuracy of the currency delivered and received.
47. Access to stored full drop boxes is restricted to authorized members of the drop and count teams.
48. Access to the count room is restricted to members of the drop and count teams, excluding authorized observers, supervisors for resolution of problems, and authorized maintenance personnel.
49. The count sheet, with all supporting documents, is promptly delivered to the accounting department by a count team member or someone other than the cashiers department. Alternatively, it may be adequately secured (e.g., locked container to which only accounting personnel can gain access) until retrieved by the accounting department.

Jackpot Payouts, Slot Fills, Short Pays and Accumulated Credit Payouts

50. For jackpot payouts and slot fills, the payout form/documentation includes the following information:

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- a. Date and time.
 - b. Machine number.
 - c. Dollar amount of cash payout or slot fill (both alpha and numeric), or description of personal property awarded.
Alpha is optional if another unalterable method is used for evidencing the amount of the payout or fill.
 - d. Game outcome (including reel symbols, card values and suits, etc.) for jackpot payouts only.
 - e. Signatures of at least two employees verifying and witnessing the payout or slot fill.
Note: On graveyard shifts (eight-hour maximum) payouts/fills less than \$100 can be made without the payout/fill being witnessed if the second person signing can reasonably verify that a payout/fill is justified.
 - f. Preprinted or concurrently-printed sequential number.
51. Jackpot payouts over a predetermined amount require the signature and verification of a supervisory or management employee independent of the slot department. This predetermined amount is authorized by management, documented, and maintained.
52. For short pays of \$10.00 or more, and payouts required for accumulated credits, the payout form includes:
- a. Date and time.
 - b. Machine number.
 - c. Dollar amount of payout (both alpha and numeric).
Alpha is optional if another unalterable method is used for evidencing the amount of the payout.
 - d. Signatures of at least two employees (**one employee for Group II licensees**) verifying and witnessing the payout.
Note: Short pays involving a single token in a denomination higher than \$10.00 may be handled without the above documentation.
53. Computerized jackpot/fill systems are restricted so as to prevent unauthorized access and fraudulent payouts by one individual.

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54. Payout forms are controlled and routed in a manner that precludes any one individual from producing a fraudulent payout by forging signatures or by altering the amount paid out subsequent to the payout and misappropriating the funds.

Promotional Payouts and Awards

Promotional payouts and awards are supplemental payouts which are not reflected in the slot machine pay table. Compliance with the following standard is required if promotional payouts are to be deducted from slot revenue.

55. The payout form/documentation includes the following information:
- a. Date and time.
 - b. Machine number and denomination.
 - c. Dollar amount of payout or description of personal property w (e.g., jacket, toaster, car, etc.).
 - d. Type of promotion (e.g., double jackpots, four-of-a-kind bonus, etc.).
 - e. Signature of at least one employee authorizing and completing the transaction.

Slot Department Funds Standards

56. The slot booths and change banks, which are active during the shift, are counted down and reconciled each shift utilizing appropriate accountability documentation.
57. The wrapping of loose slot booth and cage cashier coin is performed at a time or location that does not interfere with the hard count/wrap process or the accountability of that process.
58. A record is maintained evidencing the transfers of unwrapped coin and is retained for at least 7 days.

EPROM Testing

59. At least annually, procedures are performed to insure the integrity of a sample of slot machine game program EPROMs by personnel independent of the slot department or by outside vendors.

EPROM Duplication

Note 1: If duplication of gaming device program storage media is performed and Board approval has been received, or the licensee is a licensed manufacturer, then procedures #60 through

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#63 must be performed.

Note 2: The EPROMs of some manufacturers may be protected by federal copyright laws. The licensee should insure that all applicable laws are complied with when duplicating EPROMs.

Note 3: Equivalent controls must be in place should gaming device program storage media approved by the Board, other than EPROMs, be duplicated.

60. Procedures are developed and implemented for the following:

- a. Removal of EPROMs from devices, the verification of the existence of errors as applicable, and the correction via duplication from the master game program EPROM.
- b. Copying one gaming device program to another approved program.
- c. Verification of duplicated EPROMs prior to being offered for play.
- d. Destruction, as needed, of EPROMs with electrical failures.
- e. Securing the EPROM duplicator and master game EPROMs from unrestricted access.

61. The master game program number, par percentage, and the pay table are verified to the par sheet when initially received from the manufacturer.

62. Records must be maintained documenting the above procedures. The records must include the following information:

- a. Date.
- b. Machine number (source and destination).
- c. Manufacturer.
- d. Program number.
- e. Personnel involved.

- f. Reason for duplication.
- g. Disposition of any permanently removed EPROM.
- h. GCB Lab approval number.

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63. EPROMs returned to gaming devices must include the date and information identical to that shown on the manufacturer's label.

Theoretical/Actual Hold

64. Accurate and current theoretical hold worksheets are maintained for each slot machine.
65. For those slot machines or groups of identical machines (excluding multi-game machines) with differences in theoretical payback percentage exceeding a 4% spread between the minimum and maximum theoretical payback, and which contain meters required by Regulation 14 Technical Standard 2.010(3):
- a. On a quarterly basis, record the meters that contain the number of plays by wager (i.e., one coin, two coins, etc.).
 - b. On an annual basis, calculate the theoretical hold percentage based on the distribution of plays by wager type.
 - c. On an annual basis, adjust the machine(s) theoretical hold percentage in the slot statistical report to reflect this revised percentage.
66. For multi-game machines:
- a. Weekly record the total coin-in meter.
 - b. Quarterly record the coin-in meters for each game contained in the machine.
 - c. On an annual basis adjust the theoretical hold percentage to a weighted average based upon the ratio of coin-in for each game.
- Note: The adjusted theoretical hold percentage can be combined for machines with exactly the same game mix throughout the year.**
67. The theoretical hold percentages used in the slot analysis reports should be within the performance standards set by the manufacturer.
68. Records are maintained for each machine which indicate the dates and type of changes made and the recalculation of theoretical hold as a result of the changes.
69. Records are maintained for each machine which indicate the date the machine was placed into service, the date the machine was removed from operation, the date the machine was placed back into operation, and any changes in machine numbers and designations.
70. All of the slot machines contain functioning coin-in meters.

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71. All slot machines with currency acceptors approved by the Board after January 1, 1988 contain functioning bill-in meters which record the dollar amounts or number of bills accepted by denomination.
72. Slot machine in-meter readings are recorded at least weekly immediately prior to or subsequent to a slot drop. **(Exception: The time between readings may extend beyond one week in order for a reading to coincide with the end of an accounting period only if such extension is for no longer than six days.)**
73. The employee who records the in-meter reading either is independent of the hard count team or is assigned on a rotating basis unless the in-meter readings are randomly verified quarterly for all slot machines and currency acceptors by someone other than the regular in-meter reader.
74. Upon receipt of the meter reading summary, the accounting department reviews all meter readings for reasonableness using pre-established parameters.
75. Prior to final preparation of statistical reports, meter readings which do not appear reasonable are reviewed with slot department employees, and exceptions documented, so that meters can be repaired or clerical errors in the recording of meter readings can be corrected.
76. A report is produced at least monthly showing month-to-date, year-to-date, and if practicable, life-to-date actual hold percentage computations for individual machines and a comparison to each machine's theoretical hold percentage previously discussed.
Note: Actual hold = dollar amount of win divided by dollar amount of coin in.
77. Each change to a slot machine's theoretical hold percentage, including progressive percentage contributions, results in that machine being treated as a new machine in the statistical reports (i.e., not commingling various hold percentages).
78. If promotional payouts and awards are included on the slot statistical reports, it is in a manner which prevents distorting the actual hold percentages of the affected machines.
79. A report is produced at least monthly showing year-to-date combined slot machine performance, by denomination. The report shall include the following for each denomination:
 - a. Floor par.
 - b. Combined actual hold percentage.
 - c. Percentage variance (b - a).
 - d. Projected dollar variance (i.e., coin-in times the percentage variance).**Note: Floor pars are the sum of the theoretical hold percentages of all machines within a denomination weighted by coin-in contribution.**

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80. The statistical reports are reviewed by both slot department management and management employees independent of the slot department on at least a monthly basis.
- For Group II licensees slot department management employees are not required to review statistical reports.**
81. Large variances between theoretical hold and actual hold are investigated and resolved with the findings documented in a timely manner.
82. For purposes of analyzing large variances between actual hold and theoretical hold percentages, information to create floor par reports by machine type must be maintained.
83. Maintenance of the computerized slot monitoring system data files is performed by a department independent of the slot department. Alternatively, maintenance may be performed by slot supervisory employees if sufficient documentation is generated and it is randomly verified by employees independent of the slot department on a monthly basis.
84. Updates to the computerized slot monitoring system to reflect additions, deletions or movements of slot machines are made at least weekly prior to in-meter readings and the weigh process.

Slot Machine Hopper Contents

85. When machines are temporarily removed from the floor, slot drop and hopper contents are protected to preclude the misappropriation of stored funds.
86. When machines are permanently removed from the floor, the slot drop and hopper contents are counted and recorded by at least two employees with appropriate documentation being routed to the accounting department for proper recording and accounting for initial hopper loads.
87. All slot machines with potential jackpots in excess of \$100,000 must have the circuit boards locked or physically sealed. The lock or seal should necessitate the presence of an individual independent of the slot department to access the device game program EPROM. If a seal is used to secure the board to the frame of the gaming device, it must be identifiable (e.g., pre-numbered).

Slot Machine Drop Keys

88. The physical custody of the keys needed to access slot machine coin drop cabinets, including duplicates, requires the involvement of two persons, one of whom is independent of the slot department.
- For Group II licensees, both persons needed to access slot machine coin drop cabinet keys may be slot department employees.**

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89. Two employees (separate from key custodian) are required to accompany such keys while checked out and observe each time slot machine drop cabinets are accessed, unless surveillance is notified each time keys are checked out and surveillance observes the person throughout the period the keys are checked out.

Currency Acceptors

90. Currency Acceptor Drop Box Release Keys

- a. Only the employees authorized to remove the currency acceptor drop boxes are allowed access to the release keys.
- b. For situations which require access to the currency acceptor drop box at other than scheduled drop times, the date, time, and signature of employee signing out/in release key must be documented.
- c. The currency acceptor drop box release keys are separately keyed from the currency acceptor contents keys.

91. Currency Acceptor Drop Box Storage Rack Keys

Two persons are required to accompany such keys and observe each time drop boxes are placed in storage racks.

92. Currency Acceptor Drop Box Contents Keys

- a. The physical custody of the keys needed for accessing currency acceptor drop box contents requires involvement of persons from three separate departments.
- b. Access to the contents key at other than scheduled count times requires the involvement of at least three employees from separate departments, including management. The reason for access must be documented with the signatures of all participants and observers.

93. Currency Acceptor Count Room Keys

At least three count team members are required to be present at the time count room and other count keys are issued for the count.

94. Duplicate Keys

- a. Duplicate keys are maintained in such a manner as to provide the same degree of control over drop boxes as is required for the original keys.

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- b. Records are maintained for each key duplicated which indicate the number of keys made and destroyed.

Player Tracking

Compliance with the following standards is required if cash or the cost of personal property distributed to patrons is deducted from slot revenue.

- 95. The player tracking system is secured so as to prevent unauthorized access (e.g., changing passwords at least quarterly and physical access to computer hardware, etc.).
- 96. The addition of points to members' accounts other than through actual slot machine play must be sufficiently documented (including substantiation of reasons for increases) and be authorized by a department independent of the player tracking and slots. Alternatively, addition of points to members' accounts may be authorized by slot supervisory employees if sufficient documentation is generated and it is randomly verified by employees independent of the slot department on a quarterly basis.
- 97. Booth employees who redeem points for members cannot have access to lost cards.
- 98. Changes to the player tracking system parameters, such as point structures and employee access, must be performed by supervisory employees independent of the slot department. Alternatively, changes to player tracking system parameters may be performed by slot supervisory employees if sufficient documentation is generated and it is randomly verified by supervisory employees independent of the slot department on a monthly basis.
- 99. All other changes to the player tracking system must be appropriately documented.

Wide Area Progressive Slot Machines (Inter-Casino Linked Progressives)

- 100. The wide area progressive system must be adequately restricted to prevent unauthorized access (e.g., changing passwords at least quarterly, access to EPROMs, and physical access to computer hardware, etc.).
- 101. Procedures are developed, implemented, and documented for:
 - a. Reconciliation of meters and jackpot payouts.
 - b. Collection/drop of slot machine funds.

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- c. Jackpot verification and payment and billing to casinos on pro-rata basis.
 - d. System maintenance.
 - e. System accuracy.
102. Reports adequately documenting the procedures above are generated and retained.

Slot Accounting/Auditing Procedures

103. Slot accounting/auditing procedures are performed by employees who are independent of the transactions being reviewed.
104. For computerized player tracking systems, an accounting/auditing employee shall perform the following procedures at least one day per month:
- a. Foot all points-redeemed documentation and trace to the system-generated totals.
 - b. Review all points-redeemed documentation for propriety.
- Note: This standard only applies if cash or the cost of personal property distributed to patrons is deducted from slot revenue.**
105. For computerized slot monitoring systems, procedures are performed at least monthly to verify that the system is transmitting and receiving data from the slot machines properly and to verify the continuing accuracy of the coin-in meter readings as recorded in the slot statistical report.
106. For weigh scale interface systems, for a least one drop period per month accounting/auditing employees shall compare the weigh tape to the system-generated weigh, as recorded in the slot statistical report, in total. Discrepancies should be resolved prior to generation/distribution of slot reports.
107. At least weekly, accounting/auditing employees shall compare the bill-in meter reading to the total currency acceptor drop amount for the week. Discrepancies should be resolved prior to the generation/distribution of slot statistical reports.
108. Follow-up is performed for any one machine having an unresolved variance in excess of \$200 between actual drop and bill-in meter reading. The follow-up performed and results of investigation must be documented and maintained.
109. The gross gaming revenue reported monthly on the NGC tax returns is reconciled to the win in the slot analysis report by denomination.
110. At least annually, accounting/auditing personnel shall randomly verify that EPROM changes are

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properly reflected in the slot analysis reports.

111. Accounting/auditing employees review exception reports for all computerized slot systems on a daily basis for propriety of transactions and unusual occurrences.
112. All slot auditing procedures and any follow-up performed is to be documented and maintained.

General

113. For all computerized slot systems a personnel access listing will be maintained which includes at a minimum:
 - a. Employee name.
 - b. Employee identification number (or equivalent).
 - c. Listing of functions employee can perform or equivalent means of identifying same.